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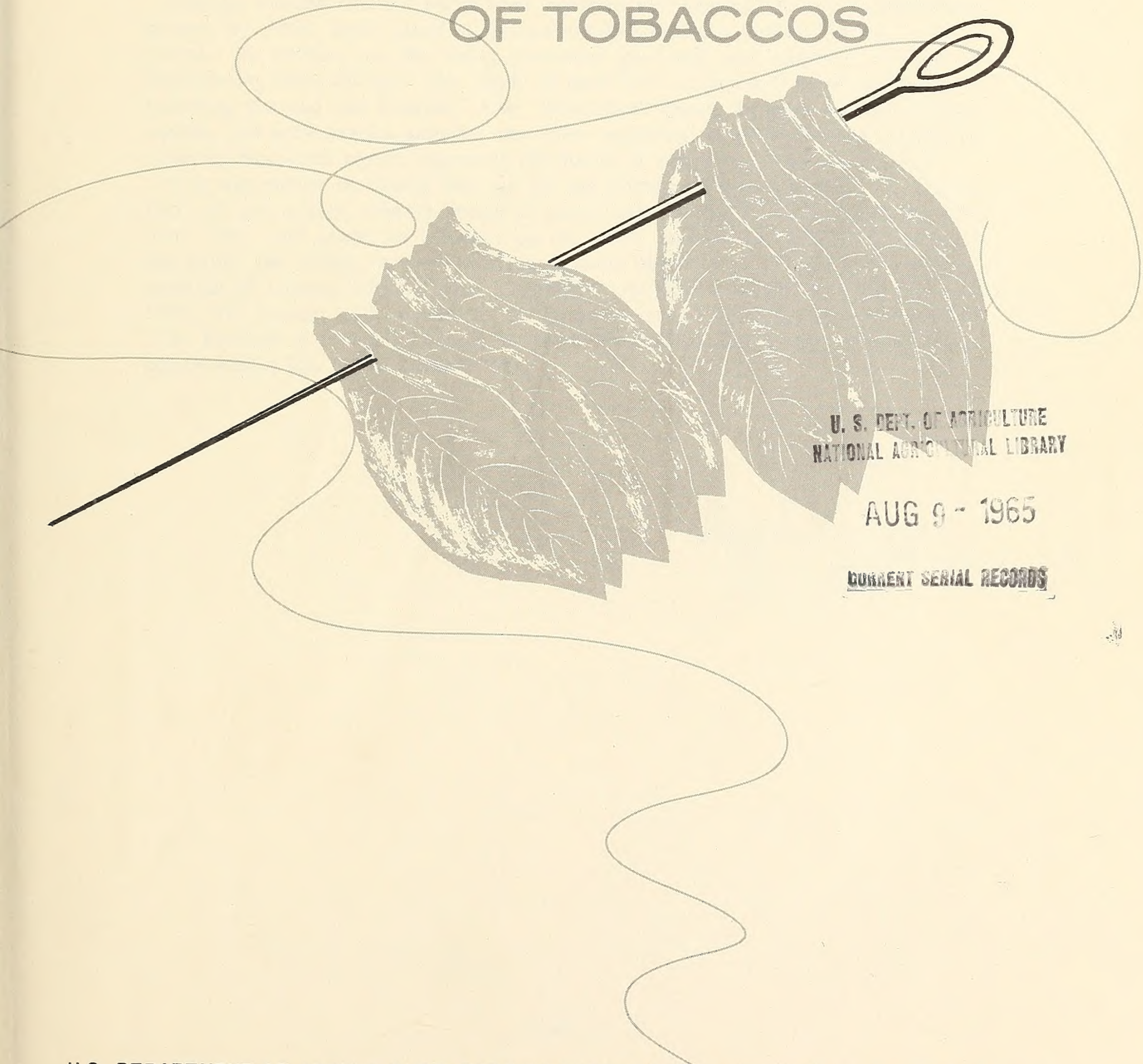
ORIENTAL TOBACCO

IN THE CHANGING WORLD OF TOBACCOS



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Foreword

Oriental, once consumed largely in the countries which grow it, has penetrated world markets as a cigarette tobacco to be blended with other types. One of the ways in which it is used is in the so-called American-blend cigarette, both in the United States and abroad.

Oriental tobacco entering world trade channels had increased to over a half-billion pounds by 1964, from about a quarter-of-a-billion-pound average in the 1935-39 period. In addition to the rising quantities produced and exported, oriental is encountering other changes. The supply of hand labor, so essential to its production, is becoming less and less plentiful. Also, "blue-mold" disease is under somewhat better control, and some surplus supplies have been appearing; at the same time, producing countries have been rapidly increasing the output of competitive types of tobacco.

It is this picture of change that has led the Tobacco Division to make the present study of this type of tobacco, which is used widely by itself or in combination with other types, and exerts an influence on the world market for tobacco. To prepare this study, the author traveled widely and made observations in principal producing countries of Greece, Turkey, Syria, Yugoslavia, and Italy in August and September of 1964. The present study supersedes the Division's earlier report on the same subject, "The Position of Oriental Tobacco in World Production and Trade," Foreign Agriculture Report No. 113 of October 1958.

Hugh C. Kiger

Hugh C. Kiger, Director
Tobacco Division

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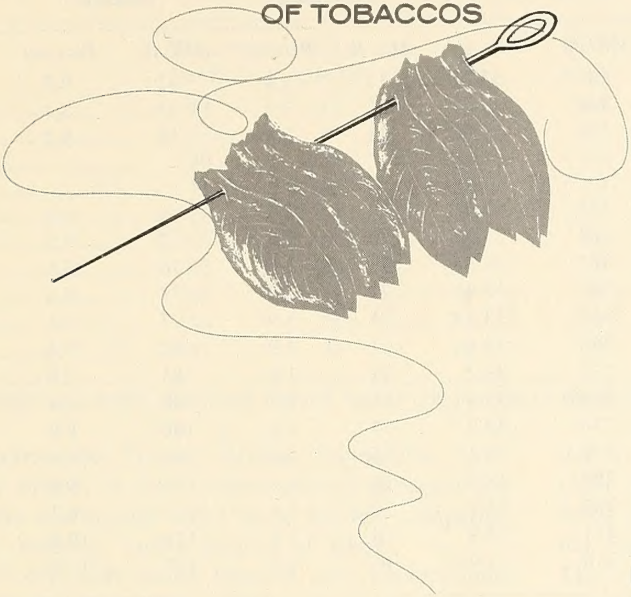

BY: ALBERT DAVIS, TOBACCO DIVISION

Three countries export most of the oriental tobacco entering international trade. The United States is the world's leading importer, despite the fact that it is also the world's largest producer and exporter of nonoriental tobacco. Most U.S. tobaccos are currently in surplus supply; however, U.S. cigarette manufacturers need an estimated 5 to 6 percent of oriental-type tobacco in their American-blend cigarettes.

The steady growth in U.S. manufacture of American-blend cigarettes for the domestic market and for export has been reflected in increasing U.S. use of oriental-type tobaccos, and in rising imports. (U.S. manufacturers have also influenced the use of oriental in other countries through the popularity of American-blend cigarettes abroad.)

The United States does not produce oriental tobacco; hence, U.S. imports of this type of tobacco have kept pace with increased use, as indicated:

	1,000 lb.
Average:	
1935-39	46.634
1940-44	48,424
1945-49	58,488
1950-54	76,435
1955-59	95,868
Annual:	
1960	118,718
1961	125,680
1962	127,176
1963	[1]128,988
1964	[1]118,800

Production

Total production of oriental-type tobaccos, commonly called "Turkish" tobacco, in countries of the world has followed a general upward trend for 15 years. There have been temporary setbacks in several countries because of "blue-mold", mostly in 1962. Production estimates for 1964 indicate a record high, however. Some of the factors which probably contributed to increases in 1963 and 1964 were a desire to recoup blue-mold losses, desire to earn foreign exchange, and an upturn in domestic needs in some producing countries.

Several of these producing countries also grow some semi-oriental tobacco. Compared with oriental, the semi-oriental tobaccos develop heavier stalks and larger leaves, and give somewhat higher yields. (It has been difficult to get firm production data for oriental tobacco, as distinguished from semi-oriental, from some of those countries which grow both.)

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[1] Preliminary. The smaller preliminary figure for U.S. imports in 1964 could possibly be explained partly by unusually low clearances through "bond" in December 1964 and abnormally high clearances in January 1965.

TABLE 1.—UNITED STATES: TOBACCOS USED IN CIGARETTE MANUFACTURE

(Unstemmed processing weight)

Year	Flue-cured		Burley		Maryland		Oriental[1]		Total
Average:	*Mil. lb.*	*Percent*	*Mil. lb.*	*Percent*	*Mil. lb.*	*Percent*	*Mil. lb.*	*Percent*	*Mil. lb.*
1935-39	238	53.5	147	33.0	17	3.8	43	9.7	445
1940-44	413	59.0	220	31.4	22	3.2	45	6.4	700
1945-49	575	58.1	335	33.9	23	2.3	56	5.7	989
Annual:									
1950	618	58.2	358	33.7	22	2.1	64	6.0	1,062
1951	652	58.6	368	33.1	20	1.8	72	6.5	1,112
1952	686	58.6	385	32.9	23	2.0	76	6.5	1,170
1953	675	58.1	387	33.3	23	2.0	77	6.6	1,162
1954	625	57.5	364	33.5	21	1.9	77	7.1	1,087
1955	621	57.1	366	33.6	21	1.9	80	7.4	1,088
1956	610	56.1	371	34.2	21	1.9	85	7.8	1,087
1957	610	56.3	368	33.9	18	1.7	88	8.1	1,084
1958	634	56.4	374	33.2	17	1.5	100	8.9	1,125
1959	635	55.9	376	33.1	16	1.4	109	9.6	1,136
1960	651	55.5	389	33.2	16	1.4	116	9.9	1,172
1961	674	55.3	403	33.1	16	1.3	125	10.3	1,218
1962	663	54.5	411	33.8	16	1.3	126	10.4	1,216
1963	672	54.5	418	33.9	16	1.3	127	10.3	1,233

[1] Approximately 99 percent oriental, and all imported.

TABLE 2.—UNITED STATES: IMPORTS FOR CONSUMPTION OF CIGARETTE-TYPE[1] UNMANUFACTURED TOBACCO

Year or period	Total imports	Imports from main countries of origin							From all other countries
		Turkey	Greece	Syria	Italy	Cyprus	Yugoslavia	Lebanon	
Average:	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
1935-39	46.6	20.6	19.1	0.8	3.0	([2])	([2])	—	3.1
1945-49	58.5	43.9	6.3	3.6	—	([2])	([2])	—	4.7
1950-54	76.4	54.0	13.0	4.0	1.0	.2	1.0	—	3.2
1955-59	95.9	63.0	24.0	1.4	1.6	.7	3.7	—	1.5
Annual:									
1960	119.0	74.3	32.3	.7	1.9	1.1	5.5	[3]2.0	1.2
1961	125.7	78.7	34.4	.9	1.7	.9	6.4	1.5	1.2
1962	127.2	82.4	32.1	.6	1.4	.6	7.3	1.8	1.0
1963	129.0	84.5	28.8	.4	1.7	.7	9.6	2.1	1.2
1964	118.8	72.0	31.0	.4	1.6	.8	10.2	1.8	1.0

[1] Imports in this category have historically been oriental-type tobacco; however, there have been small imports of flue-cured and burley tobacco. Included in the totals, 1960-64, are imports from Rhodesia ranging from 0.4 million pounds to 1.2 million pounds, which were largely oriental tobacco. [2] Data not available. [3] If any imports in earlier years, they were included in "other" countries.

Labor and land

Production of oriental tobacco requires vast amounts of hand labor—a factor governing the choice to raise this kind. When some oriental tobacco was being grown in the United States, the labor requirement for an acre was approximately 650 man-hours per year, compared with 250-450 man-hours per acre[1] for other types grown in the United States. After field production for several years, farmers in the Carolinas, who tried raising oriental tobacco as a commercial crop, gave it up as uneconomical.

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[1] *Aromatic or Oriental Tobaccos*, Frederick Adolph Wolf, Duke University Press, 1962.

TABLE 3.—UNITED STATES: AVERAGE PRICES[1] FOR IMPORTED ORIENTAL-TYPE TOBACCO, 1955-1964

Year	Turkey	Greece	Syria	Italy	Cyprus	Yugoslavia	Lebanon	Overall avg. price
	U.S. ¢ per lb.	*U.S. ¢ per lb.*	*U.S. ¢ per lb.*	*U.S. ¢ per lb.*	*U.S. ¢ per lb.*	*U.S. ¢ per lb.*	*U.S. ¢ per lb.*	*U.S. ¢ per lb.*
1955	64	83	37	80	44	87	66	69
1956	67	82	31	82	38	77	78	70
1957	70	87	44	87	44	75	79	74
1958	71	82	28	70	43	72	71	73
1959	70	81	27	68	45	74	95	72
1960	63	81	30	70	45	69	70	71
1961	63	80	27	70	51	64	63	67
1962	55	75	29	71	49	59	61	60
1963	54	78	34	67	47	58	64	60
1964	61	92	32	71	48	68	60	70

[1] In supplying country. Declared import values comparable to the value per pound at ports of loading, exporting countries.

In countries like Turkey, Greece, Yugoslavia, Syria, and some others, in areas where oriental tobaccos are grown (dry and mostly hilly) there are few competing crops, no industry, and a surplus of labor.

In such dry, hilly areas, there is only limited competition for land between tobacco and other crops. Some of the crops which might compete with tobacco are wheat, other grains, tree fruits including olives, and also—in a few areas—grapes and vegetables. In the more remote areas, where much of the land is marginal or submarginal, there is a dearth of cash crops, a lack of employment opportunities, and thus, hand labor available for tobacco growing.

Production methods

In these countries, women and children provide a large part of the hand labor, much of it actually required in the seedbed stage, in transplanting, and during the growing period. To an American tobacco grower, on the other hand, it would seem that farmers in the Middle East use excessive amounts of hand labor in the later stages, in harvesting and curing. Each small leaf—about half the size of a man's hand—is handpicked, usually in the early morning, put in baskets and transported to villages or to the place where curing takes place.

In the Izmir region of Turkey, some growers who live in villages and grow tobacco some distance from town (which makes frequent trips to their tobacco fields difficult) build shelters in their tobacco fields and live there during the cultivation and harvesting period. The shelters are often made with tree limbs and branches and are meager and inexpensive, as they are used only for a short time.

Curing

Oriental tobaccos in Eastern Europe and the Middle East are harvested mainly during July, August, and September. Treatment is a combination of sun-curing and air-curing. Following this, the strings of tobacco (sometimes left tied to drying sticks) are placed in piles or bulks.

In the curing process, the tiny tobacco leaves are first strung (one leaf at a time) on white string. It appears that women and children do this, usually during the afternoon in the shade of a building or a tree.

The growers check the condition of the piles or bulks periodically during the curing process. When cooler weather, perhaps a little more humid, arrives, the grower and his family remove the tobacco from the bulks and pack it carefully into what is called growers' bales.

From area to area, growers' bales vary in weight a great deal, mostly between 22 and 50 pounds.

Changes in Production

Labor

There has been some movement of labor from rural areas to cities within producing countries and also some movement of labor away from the oriental-tobacco-producing countries to Western Europe.

Workers from Turkey and Greece have gone to European Economic Community (EEC) countries in general, but mainly to West Germany. Others have gone from Italy to France, Switzerland, and other areas. Significant numbers of Italians have shifted from southern Italy to Milan and other industrial cities.

Not all the workers who migrated were from the rural areas, nor were they all tobacco workers; however, the more city workers migrate to the European Economic Community (EEC), the more jobs there would be available to tobacco workers who desire to go to urban centers within their country.

Burley Emerges

In some of these countries, especially Greece and Turkey, as world demand increases for flue-cured and

TABLE 4.—ORIENTAL AND SEMI-ORIENTAL TOBACCOS: ESTIMATED ACREAGE HARVESTED AND PRODUCTION IN SPECIFIED COUNTRIES, AVERAGE 1955-59, 1962-64

Country	Acreage harvested				Production[1]			
	Average 1955-59	1962	1963[2]	1964[2]	Average 1955-59	1962	1963[2]	1964[2]
	1,000 acres	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
South America:								
Argentina	2	3	2	3	770	1,336	1,102	1,625
Chile	—	—	4	—	—	—	2	—
Colombia	—	—	(3)	(3)	—	—	22	43
Europe:								
Greece	284	306	360	357	199,767	205,253	279,700	273,538
Italy	60	44	60	64	44,950	29,416	44,866	53,148
Bulgaria	236	282	339	—	159,467	216,785	209,400	—
Czechoslovakia	6	—	—	—	3,992	—	—	—
Hungary	17	19	21	24	21,801	17,906	25,900	37,854
Poland	5	10	13	17	3,595	6,700	15,677	18,500
Rumania	84	—	—	—	57,905	—	—	—
Yugoslavia	113	77	122	137	88,911	59,524	103,710	131,850
USSR	237	241	296	296	198,801	211,500	232,500	232,500
Africa:								
Libya	(4)	(4)	(4)	(4)	51	350	450	475
Zambia	(3)	(3)	(3)	1	108	19	20	648
Malawi	(3)	(3)	(3)	(3)	3	68	104	110
Rhodesia	1	1	2	2	548	291	1,242	2,200
Tanganyika	—	(3)	(3)	(3)	—	36	43	69
S. Africa, Rep. of	2	2	2	3	850	1,000	1,200	1,200
Asia:								
Cyprus:								
Latakia	4	6	5	6	1,511	2,246	2,099	2,200
Iran:								
Cigarette	37	39	46	63	21,318	14,330	18,518	16,148
Iraq	8	12	9	19	6,091	3,065	5,300	11,700
Israel	9	10	1	5	4,134	4,894	210	2,686
Syria:								
Oriental	3	7	8	8	2,440	3,668	1,534	5,800
Semi-oriental	15	17	21	31	10,432	11,310	4,750	17,951
Turkey	404	367	582	610	259,426	197,393	289,662	351,780
Lebanon:								
Shak al Bent	1	1	1	2	576	800	900	1,090
Latakia	8	9	10	12	5,607	7,313	8,266	10,310
Pakistan	15	18	13	12	13,308	16,000	16,000	16,400
Thailand	—	(3)	(3)	(3)	—	111	165	204
Total	1,551	[5] 1,561	[5] 2,013	[5] 2,107	1,106,362	[5] 1,094,250	[5] 1,349,206	[5] 1,531,929

[1] Farm sales weight. [2] Preliminary; subject to revision. [3] Less than 500 acres. [4] Not available. [5] Includes estimates for countries listed for which data are not available. FAS sources.

burley, there may be a significant shift also away from oriental to these other tobaccos, especially burley. This shift could be fairly rapid on some of the better land; however, much marginal or submarginal land in the dry areas would be classed unsatisfactory and uneconomical for growing of flue-cured or burley.

The production of burley is likely to receive encouragement from the governments of Greece and Turkey, mostly because of the ultimate duty-free treatment their tobaccos will receive in the Common Market countries.

First Greece, and then Turkey, have made Association Agreements with the EEC, with tobacco exports from these two producing countries scheduled to be admitted duty-free. (At present, their tobaccos are assessed only 30 percent of the duties which were in effect in the individual EEC countries in 1957.)

Production of burley-type tobacco on a commercial scale is a new venture in Greece. The government gave assistance in 1962 both to the growers selling direct to exporters and to all other growers. To the first group, they subsidized the curing barns with 1,000 drachmae ($33.30) per 100 cubic meters of barn space. To the second group, the National Tobacco Board guaranteed purchase of the crop at the price of 23 drachmae per kilo ($0.35 per pound) and 700 drachmae ($23.30) per 100 cubic meters (131 cubic yards) of space. Subsidies and support have been modified since the 1962 crop.

In 1964, the National Tobacco Board did not offer any guarantee to growers in the purchasing of their crop. Curing barns for small growers were subsidized up to 75 percent of the former level of 1,100 drachmae per 100 cubic meters of barn space. Larger growers were subsidized progressively less. Twenty big exporting firms with large acreages received no subsidy. The 1965 budget for the support of the cultivation of burley-type tobacco in Greece was 19,500,000 drachmae ($650,000).

Burley production in Greece by areas, for 1962-64, developed as follows:

	1962	1963	1964
	1,000 lb.	*1,000 lb.*	*1,000 lb.*
Central Macedonia	441	1,984	4,630
Katerina	441	838	992
Thessaly	265	1,323	2,094
Other	66	66	220
Total	1,213	4,211	7,936

Acreage for commercial production of burley-type tobacco increased from 640 stremmas (158 acres) in 1962 to a total of 20,000 stremmas (approximately 5,000 acres) allotted for 1965. It is considered possible that acreage will increase up to 2½ times the 1965 level.

Greece's undertaking the production of a non-oriental type of tobacco comes at a time when there is general overproduction of oriental, and an opportunity to take advantage of Greece's associate membership in the Common Market.

Turkey is doing research on burley and flue-cured tobaccos. Interest in Turkey stems perhaps from the same reasons as those in Greece.

Syria and Yugoslavia also are growing flue-cured tobacco.

This discussion of burley and flue-cured tobacco is likely to indicate to readers the possibility that the current shift taking place in Greece may be a forerunner of other shifts in tobacco production which may take place in other countries.

Marketing Methods

After recent blue-mold attacks in many areas producing oriental-type tobacco, prices rose sharply. The short 1962 crop, which after manipulation would be ready for export in 1963, sold for increased export prices.

Export prices are expected to be lower again since, with the blue-mold disease checked, production has taken a sharp upswing.

In 1965, there is a rising surplus of oriental-type tobacco. It has been estimated that there will be about 60 million pounds of exportable grades (1963 and prior crops) available in Greece by June 30, 1965 and 200 million pounds in Turkey. The 1964 crop is yet to be manipulated and will not be ready for export till 1966.

Bulgaria and Yugoslavia are reported to have ample tobacco available for export in 1965.

Oriental tobaccos move in quantity in world trade, with the total amount traded ranking next to the world trade in flue-cured.

Oriental tobacco producing countries make wide use of trade agreements and/or bilateral arrangements for exporting their tobacco. Most depend heavily on the exports of oriental tobacco for earnings of foreign exchange. Governments encourage both production and exports.

Generally, the tobacco is purchased in the country by local dealers or buyers. If they do not have manipulating facilities, the local dealers or buyers in turn sell to manipulating companies, the government, or monopoly representatives. In some cases they sell instead to manipulating companies which operate under contract

TABLE 5.—GREECE: AVERAGE EXPORT PRICES OF ORIENTAL TOBACCO, 1950-64

Year	Average price [1]	Year	Average price [1]
	Dol. per lb.		*Dol. per lb.*
1950	$0.68	1957	$0.61
1951	.53	1958	.61
1952	.52	1959	.56
1953	.36	1960	.54
1954	.54	1961	.56
1955	.63	1962	.68
1956	.61	1963	.87
		1964	.77

[1] Average price of exports to all countries (declared export value).

TABLE 6.—TURKEY: AVERAGE EXPORT PRICES OF ORIENTAL TOBACCO, 1950-63

Year	Average price [1]	Year	Average price [1]
	Dol. per lb.		*Dol. per lb.*
1950	$0.56	1957	$0.73
1951	.56	1958	.70
1952	.50	1959	.64
1953	.55	1960	.53
1954	.61	1961	.47
1955	.69	1962	.49
1956	.72	1963	.69

[1] Average price of exports to all countries (declared export value).

for U. S. cigarette manufacturers. The pattern varies by area and country.

When the tobacco arrives at a manipulation plant, it is examined and stored until it can be put through the whole process on a large-scale assembly-line type of operation. The manipulation plant opens bales, sorts tobacco, removes trash, grades the leaves, and packs the graded tobacco into new bales covered with burlap. The bales are placed in storage with a maximum height of about 6 bales. The bales go through a mild fermentation which is controlled by rotation in the stack or shifting of bales of tobacco from one floor to another.

The entire manipulation process takes about 9 months. The exportable grades are then ready for sale and export. The shrinkage loss is estimated to range from 10 to 12 percent.

The lag between the time when the farmer harvests and sells his tobacco and the time when the manipulated tobacco is ready for export is approximately a year. This lag results in a crop harvested in any given year not actually becoming an "export figure" until the following year.

Some American cigarette manufacturers have made changes in the specifications of the grades of oriental tobacco which they desire, and these have a direct effect on marketing. Historically, American buyers bought Grades I and II. So consistent was their buying of Grades I and II that these were often called the American Grades. Today most U. S. importing companies are asking that Grades I through III or Grades I through IV be combined. The term "class unique" is used among some trade people to indicate the combined grades. The long-term effect of this departure on tobacco markets in the United States and abroad is difficult to predict. At the outset, it would appear that U. S. cigarette manufacturers would secure their oriental tobaccos at a lower cost per pound, and there would be less of Grades III and IV for some of the countries which have historically been buying these grades. The cost of leaf to these countries which have been buying Grades III and IV might increase slightly, or these purchasers might be forced to buy some of the still lower grades.

Changes in Markets

The major change recently taking place has been one in markets for oriental tobacco. Here, the two most important factors are:

1. The increase in the importance of cigarettes in relation to other tobacco products.

2. The increase in the manufacture and consumption of the American-blend cigarette.

In connection with these developments, oriental tobacco has contributed to the use of both U.S.-grown tobaccos and U.S.-manufactured cigarettes abroad.

Output of American-blend cigarettes has been expanding rapidly, in terms both of total consumption and of number of countries which manufacture them.

The rise in production of American-blend cigarettes has been phenomenal. In 1917, the United States was the only country making them. Today over 50 countries are making American-blend cigarettes or some modification of the blend. Expansion has been widespread during the last decade.

A major factor contributing to rapid expansion of the manufacture and use of the American-blend cigarette was World War II, when American soldiers used them in many areas of the world. Smoking their cigarettes gave rise to local demand for the type, and some countries began to manufacture modifications of the blend. Generally, the manufacture and use of

TABLE 7.—ORIENTAL TOBACCOS: ESTIMATED EXPORTS, BY SOURCE, AVERAGES 1935-39, 1947-51 AND 1955-59 AND ANNUAL 1960-64

Country	Average 1935-39	Average 1947-51	Average 1955-59	1960	1961	1962	1963	1964 [1]
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Turkey	75.5	123.8	145.4	128	191	200	98	126
Greece	97.7	53.2	127.0	134	145	102	135	157
Bulgaria	54.2	57.8	93.0	153	136	118	[1] 174	(2)
Yugoslavia [3]	10.4	22.0	39.7	41	35	34	35	(2)
Italy	10.0	8.0	5.7	4.2	[4] 4.5	[4] 5.8	[4] 1.6	(2)
Iran	.5	3.6	1.5	.9	.4	.5	.8	(2)
Syria	2.8	6.5	1.4	.7	1.2	2.2	3.2	(2)
Lebanon	(5)	(5)	1.8	2.5	2.8	4.5	2.1	(2)
Fed. Rhodesia & Nyasaland	[6] .8	2.3	.4	.8	1.2	.7	.9	(2)
Cyprus	(2)	.3	1.0	1.4	1.4	1.0	2.1	(2)
Other countries [7]	31	3	10	10	14	15	15	(2)
Total	282.9	280.5	426.9	476.5	532.5	483.7	467.7	[7] 550

[1] Preliminary. [2] Data not available. [3] Mostly oriental and semi-oriental. [4] Fiscal years. [5] Included in Syrian exports. [6] Exports from Southern Rhodesia only. [7] Estimated.

Note: For some countries, it is difficult to distinguish export data for oriental tobaccos from that for semi-oriental.

modifications of the blend made greatest strides in countries where there were increases in consumer income.

Expansion in use of the American-blend cigarette has caused changes in tobacco buying in many countries. The expansion of cigarette manufacture in the United States has increased the demand for all the types used in the blend—flue-cured, burley, oriental. The rapid rise in the use of filter cigarettes, and increases in cost and competition, no doubt were among the main factors which caused the change in the grades of oriental tobacco desired in the U. S. market.

Introduction of the American-type blend in countries with varying cigarette preferences has had somewhat different effects on local use of oriental, depending to a degree on earlier patterns.

The advent of the manufacture of American-blend cigarettes, or increase in or modification in it, has in most countries tended to replace dark cigarettes and oriental-blend cigarettes.

On the other hand, countries switching only a part of their cigarette production from dark cigarettes to the American-blend cigarettes now use more light tobaccos, and also probably use more oriental tobaccos.

There may, in addition, be other countries which produce predominantly oriental-type cigarettes so that the inauguration of the manufacture of an American-blend cigarette might represent an increase in total consumption and not merely a displacement of oriental cigarettes.

Still other countries, in inaugurating the production of an American-blend cigarette, introduced at the same time the importing of oriental tobaccos. An example of such a country is Japan, where the American-blend cigarette has been taking an increasingly larger share of the market, despite the fact that Japan historically has not imported oriental tobaccos.

EEC market

Another major change in the markets for oriental tobacco has been the formation of the European Common Market (EEC) and admission of Greece and Turkey as associate members. The EEC ranks next to the United States as an importer of oriental-type tobacco and as a unit is the leading market for U. S. tobaccos. Approximately 30 percent of U. S. tobacco exports go to the EEC.

Total imports of oriental tobacco by the EEC from Greece and Turkey have ranged from a low of 68 million pounds to a high of 121 million pounds annually during the past 8 years.

Currently, tobacco from Greece is assessed 30 percent of the base period (1957) import duty, and tobacco from Turkey "within the quota" is assessed 30 percent of the basic tobacco import duty by the "Six". The ultimate duty on their tobaccos will be zero (0). This duty reduction gives Greek and Turkish oriental tobaccos a price advantage to the manufacturer in the EEC over both oriental tobaccos from other countries and also other cigarette tobaccos from non-member countries such as the United States.

UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C. 20250

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This duty preference adversely affects U. S. tobacco exports to the EEC countries. For the most part, tobaccos from the United States will be assessed 17.2 cents per pound import duty compared with the zero duty on tobaccos from Greece and Turkey. Were it not for the increased demand for the American-blend cigarettes in the EEC, tobacco exports from the United States might suffer even more from the preference granted these two producers of oriental tobacco.

Some authorities, however, are predicting that tobacco imports by the EEC from Associated Overseas Countries (AOC's) will even more adversely affect U. S. exports to the EEC. The AOC's produce flue-cured, burley, and other tobacco types. The duty-free tobaccos from the AOC's could also adversely affect exports of oriental types from Greece and Turkey to the EEC.

It is predicted that there will be increases in the production of cigarette tobaccos, especially flue-cured and burley, in the Malagasy Republic, Cameroons, and other former French territories for export to the EEC.

These are only some of the changes taking place in markets for oriental tobaccos. Others may result from factors such as the changes in smoking habits accompanying the general increase in numbers of indoor workers and the effect of women smokers on demand for certain types of cigarettes, perhaps ones with smaller percentages of fermented (oriental) tobacco.

TABLE 8.—EEC: IMPORTS OF TOBACCO FROM GREECE AND TURKEY, 1957-64

Importing country	Exporting country	1957	1958	1959	1960	1961	1962	1963	1964
		Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Belgium-Lux.	Greece	3.1	3.7	4.1	4.2	4.0	3.3	2.9	2.3
	Turkey	1.8	1.4	1.1	1.4	1.8	2.5	2.8	1.4
Netherlands	Greece	1.7	2.3	1.0	1.7	1.0	1.3	1.0	1.7
	Turkey	5.3	3.1	1.1	.7	.8	.7	1.2	1.0
Germany, West	Greece	37.3	38.2	35.3	35.5	36.2	42.2	34.4	46.9
	Turkey	15.4	15.4	12.6	11.9	12.2	20.7	16.4	13.9
France	Greece	11.5	10.1	12.2	8.3	6.9	9.0	1.0	11.1
	Turkey	7.0	6.0	6.3	3.6	10.9	5.1	1.8	—
Italy	Greece	7.7	6.7	8.8	5.2	2.5	8.1	7.7	8.8
	Turkey	4.0	3.2	4.1	4.1	4.2	24.2	—	2.2
Total		94.8	90.1	86.6	76.6	80.5	117.1	69.2	89.3